

AMENDED IN SENATE AUGUST 15, 2016

AMENDED IN SENATE JUNE 22, 2016

AMENDED IN ASSEMBLY MAY 12, 2016

AMENDED IN ASSEMBLY APRIL 5, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2385

Introduced by Assembly Member Jones-Sawyer

February 18, 2016

An act to amend ~~and repeal~~ Section 19320 of the Business and Professions Code, relating to marijuana.

LEGISLATIVE COUNSEL'S DIGEST

AB 2385, as amended, Jones-Sawyer. Medical Marijuana Regulation and Safety Act: state licenses: Measure D.

Existing law, the Medical ~~Marijuana~~ *Cannabis* Regulation and Safety Act, Act (MCRSA), provides for the licensure and regulation of medical ~~marijuana~~ *cannabis* and *requires all commercial cannabis activity to be conducted between licensees. Existing law establishes the Bureau of Medical Cannabis Regulation within the Department of Consumer Affairs. Existing law* authorizes licensing authorities to only issue state licenses to qualified applicants. Existing ~~law~~ *law, upon the date of implementation of regulations by the licensing authority*, prohibits a person from engaging in commercial cannabis activity without possessing both a state license and a local permit, license, or other authorization.

This bill would *instead prohibit a person from engaging in commercial cannabis activity without possessing both a state license and a local permit, license, or other authorization one year after the bureau posts a notice on its Internet Web site that the licensing authorities have commenced issuing licenses. The bill would also prohibit licensing authorities from requiring a local license, permit, or other authorization, and would require the issuance of a state license, if the authorities determine, as specified, that the applicant meets all of the requirements of the act MCRSA and specified criteria relating to Measure D, which was approved by the voters of the City of Los Angeles at the May 21, 2013, general election. The bill would further provide that a license issued pursuant to the above provision has the same force and effect, and confers the same benefits and responsibilities, as licenses issued to licensees not subject to the above-described exception. The bill would require the exemption to the local licensing requirement provided by these provisions to be superseded by a subsequent initiative authorizing the City of Los Angeles to issue local licenses to medical marijuana businesses in the city if the voters of Los Angeles approve the initiative prior to the time the State of California begins issuing state licenses. This bill would make a technical amendment by repealing a duplicate state licensing provision.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 19320 of the Business and Professions*
2 *Code is amended to read:*
3 19320. (a) All commercial cannabis activity shall be conducted
4 between licensees, except as otherwise provided in this chapter.
5 (b) Licensing authorities administering this chapter may issue
6 state licenses only to qualified applicants engaging in commercial
7 cannabis activity pursuant to this chapter. ~~Upon the date of~~
8 ~~implementation of regulations by the licensing authority, One year~~
9 ~~after the Bureau of Medical Cannabis Regulation posts a notice~~
10 ~~on its Internet Web site that the licensing authorities have~~
11 ~~commenced issuing licenses, no person shall engage in commercial~~
12 ~~cannabis activity without possessing both a state license and a~~
13 ~~local permit, license, or other authorization. An entity seeking~~
14 ~~licensure pursuant to this chapter shall obtain a local license,~~

1 *permit, or other authorization prior to applying for state licensure.*
2 *State licensing entities shall not issue a license to any applicant*
3 *that is unable to provide documentation confirming authorization*
4 *to operate from the local government in which the applicant*
5 *proposes to operate. A licensee shall not commence activity under*
6 *the authority of a state license until the applicant has obtained, in*
7 *addition to the state license, a local license, permit, or other*
8 *authorization from the local jurisdiction in which he or she*
9 *proposes to operate, following the requirements of the applicable*
10 *local ordinance.*

11 (c) Each licensee shall obtain a separate license for each location
12 where it engages in commercial medical cannabis activity.
13 However, transporters only need to obtain licenses for each
14 physical location where the licensee conducts business while not
15 in transport or where any equipment that is not currently
16 transporting medical cannabis or medical cannabis products
17 permanently resides.

18 (d) Revocation of a local license, permit, or other *required*
19 *authorization* shall terminate the ability of a medical cannabis
20 business to operate within that local jurisdiction until the local
21 jurisdiction reinstates or reissues the local license, permit, or other
22 authorization. Local authorities shall notify the bureau upon
23 revocation of a local license, permit, or other authorization. The
24 bureau shall inform relevant licensing authorities.

25 (e) Revocation of a state license shall terminate the ability of a
26 medical cannabis licensee to operate within California until the
27 licensing authority reinstates or reissues the state license.

28 (f) In addition to the provisions of this chapter, local jurisdictions
29 retain the power to assess fees and taxes, as applicable, on facilities
30 that are licensed pursuant to this chapter and the business activities
31 of those licensees.

32 (g) Nothing in this chapter shall be construed to supersede or
33 limit state agencies, including the Department of Food and
34 Agriculture, the State Water Resources Control Board, and the
35 Department of Fish and Wildlife, from establishing fees to support
36 their medical cannabis regulatory programs.

37 (h) (1) *Notwithstanding any other provision of this chapter:*

38 (A) *With regard to commercial cannabis activity in the City of*
39 *Los Angeles, the licensing authorities shall not require a local*
40 *license, permit, or other authorization and shall issue a state*

1 license to engage in commercial cannabis activity only if the
2 licensing authorities determine the applicant satisfies all of the
3 requirements of this act and demonstrates that it meets all of the
4 following criteria established by Measure D, approved by the
5 voters of the City of Los Angeles at the May 21, 2013, general
6 election:

7 (i) The applicant was operating in the City of Los Angeles as a
8 medical marijuana business by September 14, 2007, as evidenced
9 by a business tax registration certificate issued by the City of Los
10 Angeles on or before November 13, 2007.

11 (ii) The applicant registered with the City of Los Angeles city
12 clerk by November 13, 2007, in accordance with all of the
13 requirements of the City of Los Angeles' Interim Control
14 Ordinance.

15 (iii) The applicant obtained a City of Los Angeles business tax
16 registration for taxation as a medical marijuana collective (class
17 L050).

18 (B) A state license issued pursuant to this paragraph for
19 commercial cannabis activity shall have the same force and effect
20 and shall confer the same benefits and responsibilities as licenses
21 issued to licensees outside the City of Los Angeles that obtain a
22 license, permit, or other authorization from the local jurisdiction.

23 (C) The determination of the licensing authority that an
24 applicant for a state license meets the criteria listed in
25 subparagraph (A) shall be based on a written or electronic
26 notification provided to the licensing authority by the City of Los
27 Angeles that the applicant has met the criteria. If the City of Los
28 Angeles does not provide written or electronic notification to the
29 licensing authority confirming an applicant has met the criteria,
30 the licensing authority shall not issue a state license.

31 (2) Notwithstanding paragraph (1), if the voters of Los Angeles
32 approve an initiative, after January 1, 2016, but prior to the time
33 that the State of California begins issuing state licenses, that
34 authorizes the City of Los Angeles to issue local licenses to medical
35 marijuana businesses in Los Angeles, the exemption for local
36 licensing in Los Angeles as set forth in paragraph (1) shall be
37 superseded by the local licensing requirements as enacted by that
38 initiative.

1 SECTION 1. ~~Section 19320 of the Business and Professions~~
2 ~~Code, as added by Section 4 of Chapter 689 of the Statutes of~~
3 ~~2015, is amended to read:~~

4 ~~19320. (a) (1) Licensing authorities administering this chapter~~
5 ~~may issue state licenses only to qualified applicants engaging in~~
6 ~~commercial cannabis activity pursuant to this chapter. Upon the~~
7 ~~date of implementation of regulations by the licensing authority,~~
8 ~~no person shall engage in commercial cannabis activity without~~
9 ~~possessing both a state license and a local permit, license, or other~~
10 ~~authorization. A licensee shall not commence activity under the~~
11 ~~authority of a state license until the applicant has obtained, in~~
12 ~~addition to the state license, a license or permit from the local~~
13 ~~jurisdiction in which he or she proposes to operate, following the~~
14 ~~requirements of the applicable local ordinance.~~

15 ~~(2) Notwithstanding any other provision of this chapter:~~

16 ~~(A) With regard to commercial cannabis activity in the City of~~
17 ~~Los Angeles, the licensing authorities shall not require a local~~
18 ~~license, permit, or other authorization and shall issue a state license~~
19 ~~to engage in commercial cannabis activity only if the licensing~~
20 ~~authorities determine the applicant satisfies all of the requirements~~
21 ~~of this act and demonstrates that it meets all of the following~~
22 ~~criteria established by Measure D, approved by the voters of the~~
23 ~~City of Los Angeles at the May 21, 2013, general election:~~

24 ~~(i) The applicant was operating in the City of Los Angeles as a~~
25 ~~medical marijuana business by September 14, 2007, as evidenced~~
26 ~~by a business tax registration certificate issued by the City of Los~~
27 ~~Angeles on or before November 13, 2007.~~

28 ~~(ii) The applicant registered with the City of Los Angeles city~~
29 ~~clerk by November 13, 2007, in accordance with all of the~~
30 ~~requirements of the City of Los Angeles' Interim Control~~
31 ~~Ordinance.~~

32 ~~(iii) The applicant obtained a City of Los Angeles business tax~~
33 ~~registration for taxation as a medical marijuana collective (class~~
34 ~~L050).~~

35 ~~(B) A state license issued pursuant to this paragraph for~~
36 ~~commercial cannabis activity shall have the same force and effect~~
37 ~~and shall confer the same benefits and responsibilities as licenses~~
38 ~~issued to licensees outside the City of Los Angeles that obtain a~~
39 ~~license, permit, or other authorization from the local jurisdiction.~~

1 ~~(C) The determination of the licensing authority that an applicant~~
2 ~~for a state license meets the criteria listed in subparagraph (A)~~
3 ~~shall be based on a written or electronic notification provided to~~
4 ~~the licensing authority by the City of Los Angeles that the applicant~~
5 ~~has met the criteria. If the City of Los Angeles does not provide~~
6 ~~written or electronic notification to the licensing authority~~
7 ~~confirming an applicant has met the criteria, the licensing authority~~
8 ~~shall not issue a state license.~~

9 ~~(3) Notwithstanding paragraph (2), if the voters of Los Angeles~~
10 ~~approve an initiative, after January 1, 2016, but prior to the time~~
11 ~~that the State of California begins issuing state licenses, that~~
12 ~~authorizes the City of Los Angeles to issue local licenses to medical~~
13 ~~marijuana businesses in the City of Los Angeles, the exemption~~
14 ~~for local licensing in Los Angeles as set forth in paragraph (2)~~
15 ~~shall be superseded by the local licensing requirements as enacted~~
16 ~~by that initiative.~~

17 ~~(b) Revocation of a local license, permit, or other authorization~~
18 ~~shall terminate the ability of a medical cannabis business to operate~~
19 ~~within that local jurisdiction until the local jurisdiction reinstates~~
20 ~~or reissues the local license, permit, or other required authorization.~~
21 ~~Local authorities shall notify the bureau upon revocation of a local~~
22 ~~license. The bureau shall inform relevant licensing authorities.~~

23 ~~(c) Revocation of a state license shall terminate the ability of a~~
24 ~~medical cannabis licensee to operate within California until the~~
25 ~~licensing authority reinstates or reissues the state license. Each~~
26 ~~licensee shall obtain a separate license for each location where it~~
27 ~~engages in commercial medical cannabis activity. However,~~
28 ~~transporters only need to obtain licenses for each physical location~~
29 ~~where the licensee conducts business while not in transport, or any~~
30 ~~equipment that is not currently transporting medical cannabis or~~
31 ~~medical cannabis products, permanently resides.~~

32 ~~(d) In addition to the provisions of this chapter, local~~
33 ~~jurisdictions retain the power to assess fees and taxes, as applicable,~~
34 ~~on facilities that are licensed pursuant to this chapter and the~~
35 ~~business activities of those licensees.~~

36 ~~(e) Nothing in this chapter shall be construed to supersede or~~
37 ~~limit state agencies, including the State Water Resources Control~~
38 ~~Board and Department of Fish and Wildlife, from establishing fees~~
39 ~~to support their medical cannabis regulatory programs.~~

1 ~~SEC. 2. Section 19320 of the Business and Professions Code,~~
2 ~~as added by Section 8 of Chapter 719 of the Statutes of 2015, is~~
3 ~~repealed.~~

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